Supplement to

INFORMATION LETTER

NATIONAL CANNERS ASSOCIATION

No. 1325 Washington, D. C. February 28, 1951

AREA "LEGAL MINIMUMS" FOR PROCESSING VEGETABLES ANNOUNCED

The Production and Marketing Administration of USDA announced February 27 the location adjustments, by producing areas, of the January 15, 1951, "legal minimum" prices for vegetables for processing as published in their Supplement to "Agricultural Prices" issued on January 31. USDA explained that the adjusted "legal minimum" prices by areas are being announced at this time to aid growers and processors in negotiating contracts for the 1951 production of these crops. Although the actual prices paid will be determined as heretofore on the basis of supply-demand relationships, the area "legal minimums" will be of assistance in arriving at prices that are not out of line with any ceiling prices on processed vegetables that might be imposed by the Office of Price Stabilization at some future time, it was stated.

The following paragraphs are reproduced from the USDA press release announcing these area "legal minimums":

"For green lima beans, snap beans, beets, cabbage, sweet corn, green peas, spinach, and tomatoes, the area 'minimums' are based on parity prices, and hence are subject to change with changes in parity prices. For asparagus, cucumbers, and pimientoes, the area 'minimums' are based on season average prices of earlier years, and will be subject to change only if the respective parity price exceeds the 'legal minimum' as now computed under the alternative provisions of the Defense Production Act of 1950.

"The following tables show, by production areas, the 1950 average prices received by growers, as reported by the Bureau of Agricultural Economics, and the

adjusted 'legal minimum' prices as of January 15, 1951. By comparing these prices, both the grower and processor are in position to negotiate what adjustments can be made in the 1951 contract prices as compared with those paid in 1950. In arriving at the maximum adjustment, the individual processor may either:

"(1) Add the dollars-and-cents price difference between the area's 1950 average price paid and the area's 'legal minimum' price as of January 15, 1951, to his average price paid for the raw commodity for each of his 1950 price classifications; or

"(2) Compute the area's January 15, 1951, 'legal minimum' price as a percentage of the area's 1950 average price, and apply this percentage to his 1950 average price paid for the raw commodity for each of his 1950 price classifications.

"These prices are subject to change with changes in parity prices. Responsibility rests with individual processors for applying the proper adjustment to fit his specific circumstances.

"The adjusted 'legal minimums' for asparagus for processing and cucumbers for pickles (not shown in the tables) are their respective 1950 season average prices by locations.

"The 'legal minimum' price for pimientoes for processing is based on the 1949 season average price, adjusted in accordance with Section 402 of the Defense Production Act of 1950. This 'legal minimum' as of January 15, 1951, is $71.50 per ton as compared with a 1950 season average price of $70.00. Since price and production information is reported for only one state, location differentials are unnecessary."

GREEN LIMA BEANS FOR PROCESSING: "LEGAL MINIMUM" PRICE AS OF JANUARY 15, 1951, ADJUSTED FOR LOCATION, AND 1950 SEASON AVERAGE PRICES TO GROWERS

State or Area	Price	
	1950 Season Average Price to Growers	January 15, 1951, "Legal Minimum" Price Adjusted for Location
	----Dollars Per Ton (Shelled Basis)----	
New York, New Jersey	142.00	165.00
Pennsylvania	127.00	148.00
Delaware, Maryland, Virginia	133.00	147.00
Arkansas, Missouri, Oklahoma, Tennessee	134.00	147.00
Wisconsin, Minnesota, Illinois	128.00	145.00
Michigan, Indiana	126.00	135.00
Ohio, Iowa	104.00	111.00
Washington, Oregon, Idaho	150.00	171.00
California	141.00	157.00
All Other States	136.00	152.00
Weighted Average, U. S.	136.00	152.00

(more)

SNAP BEANS FOR PROCESSING: "LEGAL MINIMUM" PRICE AS OF JANUARY 15, 1951, ADJUSTED FOR LOCATION, AND 1950 SEASON AVERAGE PRICES TO GROWERS

State or Area	Price	
	1950 Season Average Price to Growers	January 15, 1951, "Legal Minimum" Price Adjusted for Location
	----- Dollars Per ton -----	
New England States	78.50	105.00
New York	118.00	128.00
New Jersey, Pennsylvania, Western Maryland 1/	98.30	114.00
Eastern Shore of Maryland 2/, Delaware, Virginia (except Southwestern), Eastern North Carolina 3/	90.00	101.00
Florida	100.00	124.00
South Carolina, Georgia (other than North), Alabama Mississippi, Louisiana	80.60	103.00
Arkansas, Oklahoma, Missouri, Tennessee (other than Eastern)	88.60	97.00
Eastern Tennessee 4/, North Carolina (other than Eastern), Southwest Virginia 5/, North Georgia 6/	106.00	131.00
Texas	80.00	88.00
Wisconsin, Michigan, Ohio, Indiana, Illinois, Iowa, Minnesota	112.00	123.00
Colorado, Utah, New Mexico, Idaho	85.30	107.00
Washington, Oregon	109.00	133.00
California	102.00	120.00
All Other States	103.00	112.00
Weighted Average, U.S.	104.00	122.00

1/ Counties West of Chesapeake Bay and Susquehanna River.
2/ Counties East of Chesapeake Bay and Susquehanna River.
3/ Rockingham, Guilford, Randolph, Montgomery, and Richmond Counties and all counties West thereof in North Carolina.
4/ Marion, Grundy, Warren, DeKalb, Putnam, Overton, and Clay Counties and all counties East thereof in North Carolina.
5/ Craig, Roanoke, Franklin, and Henry Counties and all Counties West thereof in Virginia.
6/ Fannin, Union, Towns, Rabun, Lumpkin, White, and Habersham Counties.

BEETS FOR PROCESSING: "LEGAL MINIMUM" PRICE AS OF JANUARY 15, 1951, ADJUSTED FOR LOCATION, AND 1950 SEASON AVERAGE PRICES TO GROWERS

State or Area	Price	
	1950 Season Average Price to Growers	January 15, 1951, "Legal Minimum" Price Adjusted for Location
	----Dollars Per Ton----	
New York, New Jersey, Pennsylvania	20.60	27.40
Colorado, Michigan, Wisconsin, Minnesota, Iowa, Illinois, Indiana, Ohio	19.00	21.00
Oregon, Washington, Idaho Utah	22.20	26.00
All Other States	20.00	23.20
Weighted Average, U. S.	20.00	23.80

(more)

CABBAGE FOR KRAUT: "LEGAL MINIMUM" PRICE AS OF JANUARY 15, 1951, ADJUSTED FOR LOCATION, AND 1950 SEASON AVERAGE PRICES TO GROWERS

State or Area	Price	
	1950 Season Average Price to Growers	January 15, 1951, "Legal Minimum" Price Adjusted for Location
	-----Dollars Per Ton-----	
New York, Michigan, Ohio, Indiana, Connecticut	8.60	16.90
Illinois, Wisconsin, Minnesota, Iowa	9.80	14.90
Florida, Texas	13.00	19.00
Colorado, Utah	11.00	16.70
Washington, Oregon	14.50	17.90
All Other States	13.20	19.40
Weighted Average, U. S.	9.70	16.80

(more)

SWEET CORN FOR PROCESSING: "LEGAL MINIMUM" PRICE AS OF JANUARY 15, 1951, ADJUSTED FOR LOCATION, AND 1950 SEASON AVERAGE PRICES TO GROWERS

State or Area	Price	
	1950 Season Average Price to Growers	January 15, 1951, "Legal Minimum" Price Adjusted for Location
	----Dollars Per Ton (Unhusked)----	
Maine, New Hampshire	19.30	28.90
Vermont	19.00	25.40
New York	20.20	23.70
Pennsylvania, other than Southeastern	21.80	27.40
Southeastern Pennsylvania 1/, Western Maryland 2/	18.00	23.60
Eastern Shore of Maryland 3/, Delaware, Virginia	15.80	21.40
Indiana, Illinois, Iowa	17.30	22.40
Michigan, Wisconsin, Minnesota, Ohio	15.80	21.00
Nebraska	14.00	19.10
Washington, Idaho, Utah	18.70	23.80
Oregon	30.00	35.20
All Other States	22.70	26.70
Weighted Average, U.S.	17.60	22.70

1/ Counties of Franklin, Cumberland, Adams, York, Dauphin, Lebanon, Lancaster, Berks, Chester, and Delaware.

2/ Cecil County and all Counties in Maryland West of Chesapeake Bay and the Susquehanna River.

3/ All Counties East of Chesapeake Bay and the Susquehanna River, except Cecil County.

GREEN PEAS FOR PROCESSING: "LEGAL MINIMUM" PRICE AS OF JANUARY 15, 1951, ADJUSTED FOR LOCATION, AND 1950 SEASON AVERAGE PRICES TO GROWERS

State or Area	Price	
	1950 Season Average Price to Growers	January 15, 1951 "Legal Minimum" Price Adjusted for Location
	---Dollars Per Ton (Shelled Basis)---	
New England States, New York, New Jersey, Pennsylvania (other than Southeastern)	88.90	101.00
Southeastern Pennsylvania 1/, Western Maryland 2/, West Virginia	81.30	97.60
Delaware, Eastern Shore of Maryland 3/, Virginia	77.30	92.40
Ohio, Indiana, Michigan	74.20	89.80
Wisconsin	81.90	97.20
Iowa	89.60	99.80
Minnesota	87.60	106.00
Illinois	90.00	107.00
Colorado	69.50	86.40
California	75.90	88.80
Utah, Southeastern Idaho 4/	73.30	94.70
Idaho (other than Southeastern), Eastern Washington 5/, Eastern Oregon 6/	75.40	96.00
Western Washington 7/, Western Oregon 7/	87.00	108.00
All other States	81.70	96.20
Weighted Average, U.S.	81.90	99.00

1/ Pennsylvania Counties of Franklin, Cumberland, Adams, York, Dauphin, Lebanon, Lancaster, Berks, Chester, and Delaware.
2/ Counties in Maryland West of Chesapeake Bay and the Susquehanna River.
3/ Counties in Maryland East of Chesapeake Bay and the Susquehanna River.
4/ Lemhi, Butte, Blaine, Cassia Counties and all Counties East thereof in Idaho.
5/ All Counties in Washington East of but not including Okanogan, Chelan, Kittitas, Yakima, and Klickitat Counties.
6/ Wasco, Jefferson, Deschutes, and Lake Counties and all Counties East thereof in Oregon.
7/ All other Counties in Washington and Oregon except those under (5) and (6).

SPINACH FOR PROCESSING: "LEGAL MINIMUM" PRICE AS OF JANUARY 15, 1951, ADJUSTED FOR LOCATION, AND 1950 SEASON AVERAGE PRICES TO GROWERS

State or Area	Price	
	1950 Season Average Price to Growers	January 15, 1951, "Legal Minimum" Price Adjusted for Location
	——Dollars per Ton——	
Texas	55.00	55.00
California	22.50	35.70
Virginia, Maryland	80.10	90.40
Arkansas, Oklahoma	75.00	75.90
New Jersey	100.00	100.00
Weighted Average, U. S.	50.00	58.50

TOMATOES FOR PROCESSING: "LEGAL MINIMUM" PRICE AS OF JANUARY 15, 1951, ADJUSTED FOR LOCATION, AND 1950 SEASON AVERAGE PRICES TO GROWERS

State or Area	Price	
	1950 Season Average Price to Growers	January 15, 1951 "Legal Minimum" Price Adjusted for Location
	------ Dollars Per Ton ------	
New England States, New York, Northern Pennsylvania 1/	24.30	31.80
Pennsylvania, other than Northern, Western Maryland 2/	29.40	34.70
New Jersey, Delaware, Eastern Shore of Maryland 3/, and Accomac and Northampton Counties, Virginia	30.90	36.50
Virginia, other than Accomac and Northampton Counties	31.00	35.10
North Carolina, South Carolina, Georgia, Alabama, Florida, Mississippi, Louisiana	22.40	31.60
Kentucky, Tennessee, Arkansas, Missouri, Oklahoma	27.60	30.70
Ohio, Indiana, Michigan, Wisconsin, Illinois, Iowa	22.60	29.10
Texas	15.00	29.10
Colorado, Utah, New Mexico Arizona, Kansas, Nebraska	20.50	27.60
California	25.50	30.10
All Other States	24.50	29.10
Weighted Average, U.S.	25.00	31.30

1/ Erie, Crawford, Mercer, Venago, Forest, Warren, McKean, Potter, Tioga, Bradford, Wayne, and Susquehanna Counties.

2/ All Counties in Maryland West of Chesapeake Bay and Susquehanna River.

3/ All Counties in Maryland East of Chesapeake Bay and the Susquehanna River.

Supplement to

INFORMATION LETTER

NATIONAL CANNERS ASSOCIATION

No. 1325 Washington, D. C. February 28, 1951

PRIORITY RATING FOR MAINTENANCE, REPAIR AND OPERATION MATERIALS AND SUPPLIES

The priority rating DO-97 which canners may use to obtain all necessary materials and supplies for Maintenance, Repair and Operation of their facilities, was made available February 27 by the National Production Authority. The rating may be used from March 15 on as provided in NPA Regulation 4, which became effective February 27, 1951. In the NPA press release accompanying the order, it was stated that no one is required to use the rating to purchase his MRO supplies if able to acquire them without a priority; but if he does use the rating, he becomes bound by the limitations of the regulation.

Under Regulation 4, MRO purchases are limited in any one calendar quarter to one-fourth of the firm's dollar purchases for maintenance, repair and operating purposes in 1950 (or the fiscal year ending nearest to December 31, 1950). If this quota is too small to provide sufficient MRO supplies, the firm may file with NPA an application for an increased quota.

A special provision for seasonal businesses permits quarterly MRO quotas equal to the dollar value of the canners' maintenance and repairs, etc., in the corresponding quarter of 1950 (or fiscal year). Non-seasonal businesses may use only one-fourth of their base each quarter.

The DO-97 priority rating may be applied to non-rated orders for maintenance, repair and operating supplies now outstanding. No MRO order, however, may be effective until March 15, 1951, according to the regulation. MRO orders placed on or after March 15 shall take effect as of the date the rating is applied.

Canners should not apply to NPA for the DO-97 rating. Instead, they assign it to themselves under the provisions of the regulation. In other words, the canner merely writes on the order or on a piece of paper attached to it these words: "DO-97, Certified Under NPA Regulation 4", and then signs his name.

The National Canners Association has reproduced the official text of NPA Regulation 4 and copy is enclosed.

This order has been reproduced and is distributed by the National Canners Assn. Washington 6, D. C.

U. S. DEPARTMENT OF COMMERCE
NATIONAL PRODUCTION AUTHORITY

Reg. 4 and Dir. 1
FEB. 27, 1951

TITLE 32A—NATIONAL DEFENSE, APPENDIX

Chapter VI—National Production Authority, Department of Commerce

[NPA Reg. 4]

Reg. 4—Maintenance, Repair and Operating Supplies and Minor Capital Additions

This regulation is found necessary and appropriate to promote the national defense and is issued pursuant to the Defense Production Act of 1950. In the formulation of this regulation, there has been consultation with a number of industry representatives including trade association representatives, but it has been impracticable to consult with all affected industries because the regulation applies to all trades and industries.

Sec.
1. What this regulation does.
2. Definitions.
3. DO rating assigned.
4. Quarterly MRO quotas.
5. Quantity restrictions.
6. Materials obtained for another's benefit.
7. Use of material.
8. Relation to other regulations.
9. Records and reports.
10. Adjustments and exceptions.
11. Communications.
12. Violations.

Authority: Sections 1 to 12 issued under sec. 704, Pub. Law 774, 81st Cong. Interpret or apply sec. 101, Pub. Law 774, 81st Cong.; sec. 101, E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; sec. 2, E. O. 10200, Jan. 3, 1951, 16 F. R. 61.

Section 1. *What this regulation does.* This regulation provides a uniform procedure by which any business enterprise, Government agency, or public or private institution may use a DO rating (identified by the symbol "DO–97") to obtain limited quantities of maintenance, repair and operating supplies (hereinafter collectively referred to as "MRO") as well as minor capital additions. The regulation does not limit the quantity of MRO or capital additions that a person may obtain without using this DO rating, except that, if he makes any use of the rating in any particular calendar quarter, his total acquisition of MRO (rated and unrated) for such quarter becomes subject to the limitations of the regulation. The rating may not be used to secure materials for personal or household use.

Sec. 2. *Definitions.* For purposes of this regulation:

(a) "Person" means any individual, partnership, corporation, association, or any other organized group and includes specifically any business enterprise, Government agency, or institution. Where such a "person" has more than one department, branch, plant, or other unit which maintains separate MRO records, each shall be treated as a separate "person" hereunder.

(b) "Business enterprise" means lawful activity conducted for profit in the United States (including its territories and possessions).

(c) "Government agency" means the United States, its territories and possessions, any of the 48 States or the District of Columbia, any political subdivision thereof, and any agency of any of the foregoing which is not a business enterprise.

(d) "Institution" means any lawful organization, public or private, within the United States (including its territories and possessions) which is neither a business enterprise nor a Government agency, and includes, more specifically, institutions such as schools, libraries, hospitals, churches, clubs, and welfare establishments.

(e) "Maintenance" means the minimum upkeep necessary to continue any plant, facility, or equipment in sound working condition, and "repair" means the restoration of any plant, facility, or equipment to sound working condition when it has been rendered unsafe or unfit for service by wear and tear, damage, failure of parts, or the like. Neither "maintenance" nor "repair" includes the improvement of any plant, facility, or equipment by replacing material which is in sound working condition with material of a new or different kind, quality, or design.

(f) "Operating supplies" means, in the case of a business enterprise, any materials which are normally carried as operating supplies according to established accounting practice, and also includes items (such as hand tools) purchased by an employer for sale to his employees for use only in his business and under circumstances where they would constitute operating supplies according to established accounting practice if issued to his employees without charge. In the case of a Government agency or an institution, however, "operating supplies" means any materials which are essential for conducting any activity or rendering any service, provided such materials do not constitute capital equipment according to established accounting practice but are consumed in the course of operation. Materials incorporated in a product ordinarily may not be treated by the producer as operating supplies but may be so treated where they are normally chargeable as an operating expense according to established accounting practice.

(g) "Minor capital additions" means any improvement or addition carried as capital according to established accounting practice where the total cost of materials used does not exceed $750 for any one complete capital addition. The term "one complete capital addition" includes all items entering into the improvement or addition as part of a single project or plan whether or not installed or completed at the same time, and the cost of all such items is to be included in figuring the total cost of the addition regardless of whether they are acquired with or without the use of a rating. No capital addition shall be subdivided for the purpose of bringing it or any part of it within the foregoing definitions. Where the capital addition requires construction, authorization to construct must be obtained wherever so required by any applicable order of the NPA.

(h) "MRO" means maintenance, repair and operating supplies but does not include minor capital additions. The latter term is specifically used in this regulation wherever the meaning so requires. Products used for "MRO" (or materials required for incorporation in such products) shall not be deemed "MRO" as to the producer of such products (except as provided in paragraph (f) of this section) even though he sells them for use by others as "MRO." However, when he receives rated orders for such products, he may extend the rating to get materials to be incorporated in the products. Materials or products sold by a distributor thereof for use by others as "MRO" shall not be deemed "MRO" as to such distributor but, when he receives rated orders for them, he may extend the rating to get them.

Sec. 3. *DO rating assigned.* The NPA hereby assigns to every business enterprise, Government agency, and institution the right to apply a DO rating to obtain MRO and minor capital additions, subject to the quantity restrictions specified in section 5. Such DO rating shall be applied by placing on the order for MRO or minor capital additions, or on a separate piece of paper attached to the order or clearly identifying it, the symbol "DO–97" together with the words "Certified under NPA Regulation 4." Such certification shall be signed as prescribed in section 11.8 of NPA Reg. 2. This certification shall constitute a representation to the supplier and to the NPA that the person making it is authorized under the provisions of this regulation to use the rating to obtain the materials covered by the order.

Sec. 4. *Quarterly MRO quotas.* Every person making any use of the DO–97 rating herein assigned must establish his quarterly MRO quotas in accordance with this section. In figuring such quotas, he may include all expenditures for MRO in the applicable 1950 base periods, but not expenditures for minor capital additions.

(a) *Standard quota.* A person's standard quarterly MRO quota, to be used unless he elects to use the seasonal quota permitted by paragraph (b) of this section, is one-fourth of the amount he spent for MRO in the calendar year

PRESS COPY

1950 (or, if he operated on a fiscal year basis, in his fiscal year ending nearest to December 31, 1950). An election to use either the standard quota or the seasonal quota may not afterward be changed without prior written authorization of the NPA.

(b) *Seasonal quota.* A person may, if he so elects, take as his quarterly MRO quotas the amounts he spent for MRO in the corresponding quarters of the calendar year 1950 (or, if he operated on a fiscal year basis, in the corresponding quarters of his fiscal year ending nearest to December 31, 1950).

(c) *Quotas where 1950 base inapplicable.* A person not in operation throughout the year 1950 (calendar or fiscal) shall establish and report his quarterly MRO quotas as follows:

(1) *Partial operation in 1950.* A person who was in operation during a part of the year 1950 (calendar or fiscal) shall compute the amount he would have spent for MRO in that year, had he continued throughout the year the same rate of expenditure for MRO as during that part of the year when he was in operation, making such reasonable corrections as necessary to compensate for seasonal or other exceptional characteristics of the period of actual operation, so that the yearly amount so computed will be fairly representative of the year as a whole. His standard quarterly MRO quota shall be one-fourth of the amount so computed. If he elects to use seasonal quotas, he may apportion the amount so computed into four seasonal quarterly MRO quotas, in accordance with the seasonal demands of the activity in which he is engaged.

(2) *No operation in 1950.* If a person was not in operation in any part of the year 1950 (calendar or fiscal), his quarterly MRO quota (standard or seasonal) shall be the minimum amount of MRO which he determines to be reasonably necessary for his operation, but not in excess of $5,000 per quarter. If such quota is insufficient, an application for an increased quota may be made as provided in section 10.

(3) *Notice to NPA.* Any person who establishes a quarterly MRO quota in excess of $1,000 under the provisions of subparagraphs (1) or (2) of this paragraph (c) must, within 30 days after his first use of a DO–97 rating pursuant thereto, notify the NPA in writing of the quota he has established, the base period he has used, the method by which he has figured the quota, and any corrections he has made for seasonal or other factors.

(d) *Future use of increased quotas.* If a person's quarterly MRO quota is increased by specific authorization of the NPA, he may continue to operate with the increased quota as his standard quota unless the increase is granted on a temporary or seasonal basis or is otherwise restricted by the terms of the authorization. An increased quarterly MRO quota granted as a seasonal quota may be used only in the corresponding quarter of subsequent years.

(e) *Increases not retroactive.* An increase in quota will not be granted for any period prior to the filing of the application and will not have the effect of retroactively authorizing receipt of MRO or minor capital additions previously received in violation of this regulation.

SEC. 5. *Quantity restrictions.* (a) *Charges against quota.* Every person who, during any calendar quarter, makes any use of the DO–97 rating assigned by this regulation, shall charge against his MRO quota for that quarter:

(1) All MRO material ordered for delivery during the quarter, whether or not obtained by use of the DO–97 rating, *and*

(2) All material for minor capital additions ordered for delivery during the quarter, if (but only if) obtained by use of the DO–97 rating.

[If, instead of computing his charges against his quarterly MRO quota on the basis of orders calling for delivery during a quarter, a person prefers to compute such charges on the basis of actual receipts of MRO during the quarter, he may do so. However, he cannot use one method for a part of his MRO and the other method for the remainder in any one quarter.]

(b) *Excess of quota prohibited.* No person shall use the DO–97 rating assigned by this regulation to get anything except material needed for MRO or minor capital additions nor shall any person who, during any calendar quarter, makes any use of the rating so assigned, order for delivery (or, if he is operating on the basis of receipts, he shall not receive) during such quarter a quantity of material chargeable against his quarterly MRO quota which exceeds the amount of such quota (nor, during the first month of such quarter, a quantity of such material exceeding 40 percent of such quarterly quota): *Provided, however,* That the quantity restrictions of this section shall not apply in any calendar quarter to any person whose aggregate charges against his MRO quota for that quarter do not exceed $1,000.

SEC. 6. *Materials obtained for another's benefit.* (a) *Materials supplied by service trades.* Any business enterprise (such as a service repair shop) engaged in doing maintenance or repair work or installing minor capital additions for any other person (as defined in section 2) may use the DO–97 rating to obtain material therefor to the same extent that such person would be entitled to use it if he were doing the work himself. The cost of materials so obtained shall be charged to the MRO quota of the person for whom the work is done.

(b) *Materials for operators under government franchise.* Any person (such as the operator of a toll bridge or a contract garbage collector) who, pursuant to a franchise from or contract with any Government agency, performs any service for such agency, may use the DO–97 rating to obtain MRO or minor capital additions to the same extent that such agency would be entitled to use it if the agency performed such service itself. Such service shall, for purposes of computing the quantity restrictions under section 5, be treated as if performed by a separate unit of such agency, and the cost of the materials so obtained shall be charged against the quota of such unit.

(c) A person who is obligated to maintain, repair, or operate any plant, facilities, or equipment, under the terms of any lease or other agreement for the use of such property by another person, may use the DO–97 rating to obtain materials needed for such purposes. Expenditures for such materials shall be charged to the MRO quota of the person thus using the DO rating except that, if his purchase is made on a reimbursable basis for the account of the person using the property, the latter's MRO quota shall be charged.

SEC. 7. *Use of material.* If a person has acquired material for MRO or minor capital additions by use of the DO–97 rating and then finds that he has another use for it, he may use the material for such other purpose if he could have used any DO rating to acquire the material for such other purpose. However, if he uses the material for another rated purpose, he may not replace it in inventory by the use of the DO–97 rating assigned by this regulation. He may replace such material in inventory only by using the DO rating under which he might have obtained the material for the purpose to which it was devoted. If he uses material acquired under this regulation for another rated use, his records must be adequate to show that his purchases of material are substantially proportionate to his authorized rated uses.

SEC. 8. *Relation to other regulations.* (a) *Rules governing use of rating.* This regulation supplements NPA Reg. 2, which sets forth the basic rules of the priorities system, and the provisions of that regulation govern the use of the DO–97 rating herein assigned.

(b) *Inventory limitations.* Nothing in this regulation shall be deemed to authorize any person to order or receive any material if acceptance thereof would increase his inventory above a practicable working minimum as provided in NPA Reg. 1 or the limit fixed in any other applicable regulation or order of the NPA.

(c) *Delegations to Government agencies.* This regulation does not revoke or prevent the use of any authority delegated by NPA to any other Government agency whereby such agency may use ratings other than DO–97 for direct procurement of its own requirements of MRO or minor capital additions.

(d) *Other regulations and orders.* Nothing in the regulation shall be construed to relieve any person from the obligation of complying with such limitations on acquisition or use of materials or such other provisions as may be contained in any applicable regulation or order of the NPA or with any order of any other competent authority.

SEC. 9. *Records and reports.* (a) *Records to be kept.* Each person who makes any use of the rating assigned by this regulation shall make and preserve, for so long as this or any successor regulation remains in effect and for 2 years thereafter, accurate and complete records showing what his quarterly MRO

quotas are, how he computed them, the factual justification for them and for corrections or revisions thereof, any elections made as to the use of seasonal quotas, methods of figuring quotas and charges against them, or other options exercised, all materials ordered or received for use as MRO or minor capital additions whether rated or not, and all other relevant data, in sufficient detail to permit an audit that determines for each transaction that the provisions of this regulation have been met. This does not specify any particular accounting method and does not require alteration of the system of records customarily maintained, provided such records disclose the above data and supply an adequate basis for audit. Records may be retained in the form of microfilm or other photographic copies instead of the originals.

(b) *Inspection and audit.* All records required by this regulation shall be made available at the usual place of business where maintained for inspection and audit by duly authorized representatives of the NPA.

(c) *Other records and reports.* Persons subject to this regulation shall make such further records and submit such further reports to the NPA as it shall require, subject to the terms of the Federal Reports Act of 1942. (Pub. Law 831, 77th Cong., 5 U. S. C. 139–139F.)

SEC. 10. *Adjustments and exceptions.* Any person affected by any provision of this regulation may file a request for adjustment or exception upon the ground that the MRO quotas provided in section 4 are insufficient for his requirements, or that a specified provision otherwise works an undue or exceptional hardship upon him not suffered generally by others in the same trade or industry, or that its enforcement against him would not be in the interest of the national defense or in the public interest. In examining requests for adjustment claiming that the public interest is prejudiced by the application of any provision of this regulation, consideration will be given to the requirements of the public health and safety, civilian defense, and dislocation of labor and resulting unemployment that would impair the defense program. Each request shall be submitted in writing and in triplicate, shall set forth all pertinent facts and the nature of the relief sought, and shall state the justification therefor. More particularly, where the relief sought is an increase of MRO quota, the applicant shall fully describe the nature of his business or other activity, indicating any seasonal or other unusual features, products made or distributed, or services or other activities performed, the quarterly volume of such business or other activity since January 1, 1950, etc.; state the amount spent for MRO in each quarter since January 1, 1950; specify the amount of increase in quota requested; and set forth in detail the facts and circumstances allegedly justifying such an increase.

SEC. 11. *Communications.* All communications concerning this regulation shall be addressed to the National Production Authority, Washington 25, D. C., Ref.: Reg. 4.

SEC. 12. *Violations.* Any person who wilfully violates any provision of this regulation or wilfully conceals a material fact or furnishes false information in the course of operation under this regulation is guilty of a crime and upon conviction may be punished by fine or imprisonment or both. In addition, administrative action may be taken against any such person to suspend his privilege of making or receiving further deliveries of materials or using facilities under priority or allocation control and to deprive him of further priorities assistance.

NOTE: All reporting and record-keeping requirements of this regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

This regulation shall take effect on February 27, 1951.

NATIONAL PRODUCTION AUTHORITY,

[SEAL] MANLY FLEISCHMANN,
Administrator.

[NPA Reg. 4, Dir. 1]

Transitional Provisions

This Direction 1 to NPA Reg. 4 is found necessary and appropriate to promote the national defense and is issued pursuant to the Defense Production Act of 1950. In the formulation of this direction, there has been consultation with a number of industry representatives including trade association representatives, but it has been impracticable to consult with all affected industries because the direction applies to all trades and industries.

Sec.
1. What this direction does.
2. Quota for remainder of quarter.
3. Special adjustment where quota inadequate.
4. Rating outstanding non-rated orders.
5. Re-rating outstanding orders not required.

AUTHORITY: Sections 1 to 5 issued under sec. 704, Pub. Law 774, 81st Cong. Interpret or apply sec. 101, Pub. Law 774, 81st Cong.; sec. 101, E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; sec. 2, E. O. 10200, Jan. 3, 1951, 16 F. R. 61.

SECTION 1. *What this direction does.* NPA Reg. 4 provides for the use of DO ratings to get MRO and minor capital additions. This direction provides for the transition to operation under Reg. 4 and particularly for operation during that portion of the first calendar quarter of 1951 which remains after Reg. 4 takes effect (February 27, 1951).

SEC. 2. *Quota for remainder of quarter.* A person must compute his MRO quota for the first calendar quarter of 1951 as provided in Reg. 4. However, he need not charge against that quota any MRO or minor capital additions ordered for delivery (or received, if he operates on the basis of receipts) prior to the effective date of Reg. 4. Instead, he may take one-half of such quota and consider that as his remaining MRO balance available for use until April 1, 1951.

SEC. 3. *Special adjustment where quota inadequate.* A person whose quarterly MRO quota is too small to provide him with MRO and minor capital additions needed for performance of DO rated orders which he holds may, upon filing an application for an increased quota under section 10 of Reg. 4, consider his application as approved by NPA (unless he is advised to the contrary) to the extent that it calls for no larger MRO quota than in fact needed for performance of DO rated business. He may accordingly take one half of such requested quota as the balance remaining available for use prior to April 1, 1951.

SEC. 4. *Rating outstanding non-rated orders.* A person who, on the effective date of Reg. 4, has outstanding non-rated orders for MRO or minor capital additions which he would be entitled to rate under Reg. 4, or who thereafter places such orders without rating them, may nevertheless apply the DO-97 rating to them at any time while they remain outstanding. If he so rates them prior to March 15, 1951, such ratings and all DO-97 ratings applied to new MRO orders prior to March 15, 1951, shall take effect as of March 15, 1951. All ratings applied on or after March 15, 1951, shall take effect only as of the dates when applied.

SEC. 5. *Re-rating outstanding orders not required.* A person who has placed DO rated orders pursuant to section 11.5 of NPA Reg. 2, as amended January 11, 1951, for jigs, dies, tools, or fixtures used directly in the production of rated orders, need not re-rate such outstanding rated orders by applying the DO-97 rating to them regardless of their delivery dates. He need not cancel such outstanding rated orders, even if they exceed his MRO quota for one or more quarters, but in the latter event they will exhaust his quota so that no other MRO or minor capital additions chargeable against it may be obtained in such quarter or quarters without specific authorization from NPA.

This direction shall take effect on February 27, 1951.

NATIONAL PRODUCTION AUTHORITY,

[SEAL] MANLY FLEISCHMANN,
Administrator.